

Exhibit 26

SUBJECT TO FRE 408 AND ALL STATE EQUIVALENTS

O'Melveny & Myers LLP
2801 North Harwood Street
Suite 1600
Dallas, TX 75201-2692

T: +1 972 360 1900
F: +1 972 360 1901
omm.com

File Number:

September 8, 2025

Scott Drake
D: +1 972 360 1915
sdrake@omm.com

VIA Email

Justin R. Bernbrock
Sheppard, Mullin, Richter & Hampton LLP
321 North Clark Street, 32nd Floor
Chicago, IL 60654
Telephone: (312) 499-6300
Facsimile: (312) 499-6301
Email: jbernbrock@sheppardmullin.com

Counsel to Village Roadshow Entertainment Group USA Inc. and its Debtor affiliates

Re: Confidential Settlement Offer - In Re: Village Roadshow Entertainment Group USA Inc., et al., Case No. 25-10475, the “Bankruptcy Cases”¹

Counsel,

On behalf of Warner Bros. Entertainment Inc. and its affiliates (collectively, “Warner Bros.”), we write to propose a settlement of various issues that involve Warner Bros. in these Bankruptcy Cases (the “Warner Bros. Settlement”). The material terms of the Warner Bros. Settlement are set forth below, however, they shall remain subject to (i) the parties’ execution of definitive documentation and (ii) a Fed. R. Bankr. P. 9019 motion subject to Bankruptcy Court approval. In addition, the Warner Bros. Settlement shall at all times be conditioned on the Bankruptcy Court’s approval of, and the closing of, the Debtors’ sale of all of their rights, title, and interests in the Derivative Rights to Warner Bros., which includes, for the avoidance of the doubt at Warner Bros.’ election, the Debtors’ assumption and assignment and/or termination of the Derivative Rights Agreements in favor of Warner Bros. (collectively, the “Warner Bros. Sale”). The Warner Bros. Sale shall be free and clear of any and all interests of any person or entity under section 363 of the Bankruptcy Code.

As a result of the Warner Bros. Sale, Warner Bros. will own (i) one hundred percent (100%) of all Derivative Rights to each and every Warner Bros.’ motion picture and (ii) one hundred percent (100%) of the Debtors’ interest in the Derivative Rights for all other Pictures.² The terms

¹ Capitalized terms used but not otherwise defined herein shall have the meanings set forth in *Warner Bros. Entertainment Inc.’s Omnibus Objection to (I) the Debtors’ Motion for an Order Approving the Sale of the Debtors’ Assets, (II) the Debtors’ Sale Supplement With Respect Thereto and (III) the Debtors’ Assumption and Assignment of Warner Bros. Agreements* [Dkt. No. 518] (Filed Under Seal) and [Dkt. No. 521] (Redacted Version) filed in these Bankruptcy Cases.

² The Pictures include any and all films or television productions in which any of the Debtors, their subsidiaries and/or affiliates hold or assert any Derivative Rights.

of the proposed Warner Bros. Settlement are subject to the Debtors promptly accepting the Warner Bros.' Settlement described herein, and promptly seeking and obtaining Court approval of both the Warner Bros. Settlement and the Warner Bros. Sale. There shall be no further bidding for the Derivative Rights upon acceptance by the Debtors of this settlement offer, which is confidential and not to be shared with any parties other than the Consultation Parties.

The material terms of the Warner Bros. Settlement shall include the following:

- Warner Bros. will match Alcon's bid of \$18.5 million for the Derivative Rights under the same terms as Warner Bros.' designated Back-Up Bid of \$17.5 million, as provided in the Warner Bros. purchase agreement, bid letter, and Warner Bros.' agreed modifications thereto, as supplemented by the terms of this letter.
- Warner Bros. will further agree that the Warner Bros. Reserve can be reduced by \$10 million. Such reduction (from \$110 million to \$100 million) would immediately free up \$10 million in funds back into the Debtors' estate upon the closing of the Warner Bros. Sale that could be used to pay other general unsecured creditors. Warner Bros. would consent to such use of the funds. This agreement only reduces the amount of the Warner Bros. Reserve, but shall not impact Warner Bros.' ability to seek its full damages, including an amount in excess of \$100 million, in the Matrix Arbitration. As provided in the Warner Bros' purchase agreement, Warner Bros. still reserves all rights with respect to the Matrix Arbitration.
- In addition, upon the closing of the Warner Bros. Sale, Warner Bros. will enter into a stipulation with the Debtors to dismiss all claims and counterclaims in the Wonka Arbitration (with each party to bear its own fees and costs).
- Warner Bros. will further agree, upon the closing of the Warner Bros. Sale, not to seek standing to assert the estate claims otherwise reserved with respect to Warner Bros. and set forth in the *Fourth Stipulation With Prepetition Senior Secured Noteholders Extending Committee and Warner Bros. Challenge Rights Pursuant to Final DIP Financing Order* [Dkt. No. 784-1] (extending the Challenge Period with respect to Warner Bros. and the Committee as it relates to the Prepetition Lien and Claim Stipulations by the Debtors in favor of the Prepetition Senior Secured Notes Parties, as defined therein, until September 30, 2025).
- Warner Bros. believes that the Bankruptcy Court's approval of the Warner Bros. Settlement, and closing of the Warner Bros. Sale, would also resolve the objections made by Regency Entertainment (USA), Inc. in connection with the Debtors' proposed sale of the Derivative Rights. *See* Dkt. Nos. 481-83.³
- Upon closing of the Warner Bros. Sale, Warner Bros. will further release any claim it may have against the Debtors regarding the Library Debtors' payment of the Roll-Up

³ Regency may be consulted about this settlement as necessary for the limited purpose of determining whether it will withdraw its current sale objections.

Obligations from Village Roadshow Films (BVI) Ltd. (“VRF”), including any right of reimbursement.⁴

Please note this settlement offer remains subject to a full and ongoing reservation of rights, specifically with respect to the parties’ execution of definitive documentation and the Bankruptcy Court’s approval of the Warner Bros. Settlement. This offer shall remain open until five (5) days after your receipt of this letter (the “Deadline”). Unless this offer has been accepted by the Debtors in writing on the terms set forth herein by the Deadline, it will be deemed to be withdrawn, terminated and of no force or effect.

We look forward to hearing from you and are available to discuss at your convenience.

[Remainder of page intentionally left blank.]

⁴ Based on Warner Bros.’ review of the funds flow following the Debtors’ closing of the Library Asset sale to Alcon, it appears VRF—a Library Debtor and WB Arbitration Debtor (as defined in the Final DIP Order)—paid the Roll-Up Obligations to one of the DIP Lenders. Under the Final DIP Order, the Debtors were required to “satisfy such obligations from proceeds allocated to entities *other than* the WB Arbitration Debtors,” Final DIP Order ¶ 33 (emphasis added), which includes VRF. Without taking a position as to whether or not payment of such amounts were improper under the Final DIP Order and Library Sale Order, Warner Bros. otherwise reserves all rights in connection therewith to the extent the Warner Bros. Settlement is not consummated as set forth herein, including the right to maintain a post-petition claim for a right of reimbursement against the Notes Debtors (as defined in the Final DIP Order). *See id.* ¶¶ K, 2(h).

SUBJECT TO FRE 408 AND ALL STATE EQUIVALENTS



O'Melveny & Myers LLP
2801 North Harwood Street
Suite 1600
Dallas, TX 75201-2692

T: +1 972 360 1900
F: +1 972 360 1901
omm.com

File Number:

Sincerely,

/s/ Scott P. Drake

Scott P. Drake

Scott Drake
D: +1 972 360 1915
sdrake@omm.com

Cc: Daniel M. Petrocelli
Matt Kline
Steve Warren
Emma L. Jones

Counsel to Warner Bros. Entertainment Inc., and its Affiliates